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The Aluminum Situation

DEPARTMENT OF ECONOMICS AND STATISTICS — APRIL 1988

INDUSTRY SHIPMENTS DECLINE 3.4%

Total industry net shipments for the first two months of 1988, reported at 2,484 million pounds, were down 3.4 percent from the two month 1987 total of 2,571 million pounds.

Domestic shipments of 2,296 million pounds were down 3.7 percent from the two month 1987 total of 2,385 million pounds.

Exports of ingot and mill products of 188 million pounds were up 1.1 percent from the first two months of 1987 while imports declined 13.1 percent for the same period.

THRU FEBRUARY 1988

	1988 2 Mos.	1987 2 Mos.	% Change
Mill Products	2,016	2,008	0.4
Ingot	467	563	-17.0
Total	2,484	2,571	-3.4
Less Exports	188	186	1.1
Domestic Total	2,296	2,385	-3.7

Figures in Millions of Pounds
Source: Bureau of the Census
U.S. Department of Commerce

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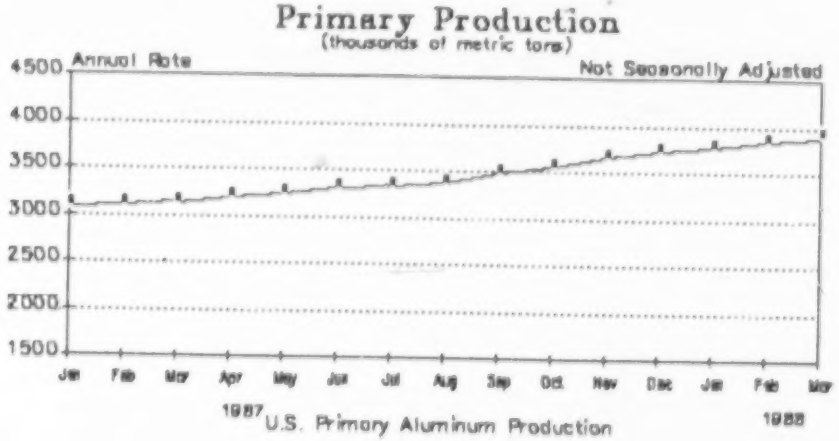
PRIMARY PRODUCTION ANNUAL RATE REACHES 3.9 MILLION METRIC TONS

U.S. Primary aluminum production averaged 10,652 metric ton daily during March 1988. This compares with an average of 8,579 metric tons a day in March 1987 and 10,505 metric tons a day in February 1988. The annual rate of production in March 1988 was 3,898,715 metric tons compared with 3,131,241 metric tons in March 1987 and 3,844,981 metric tons in February 1988. Actual production in March 1988 was 330,219 metric tons.

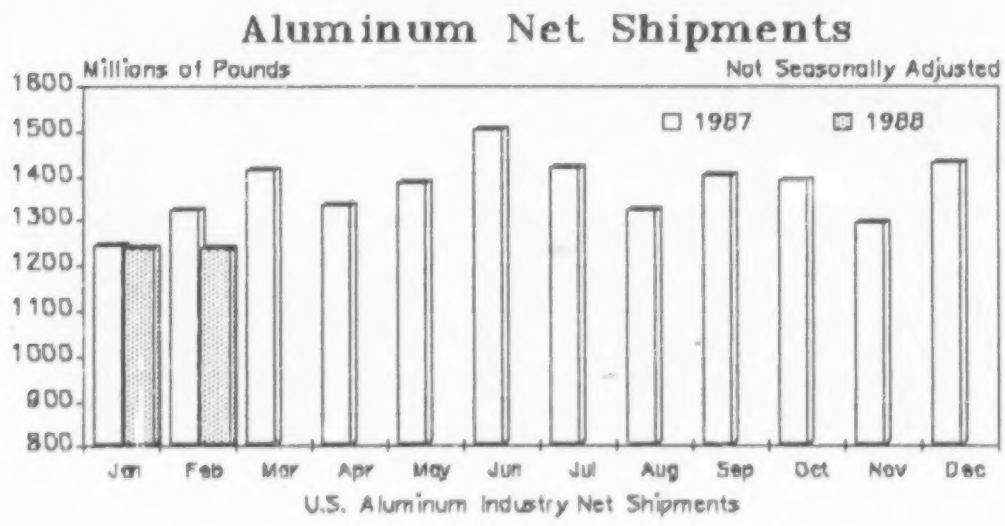


U.S. Primary Aluminum Production

Aluminum Association total industry estimates are based on information reported by members, which is aggregated by the Association and then expanded to total industry data utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. While the Association believes that its statistical procedures and methods are reliable, it does not warrant the accuracy or completeness of the data. All data contained herein are subject to revision.

ESTIMATED INDUSTRY NET SHIPMENTS DOWN 3.4 PERCENT

Total industry net shipments of 2,484 million pounds for the first two months of 1988 declined 3.4 percent from the 1987 total of 2,571 million pounds. During the same period, exports totaling 188 million pounds were up 1.1 percent. Domestic shipments of 2,296 million pounds were down 3.7 percent from a year ago.

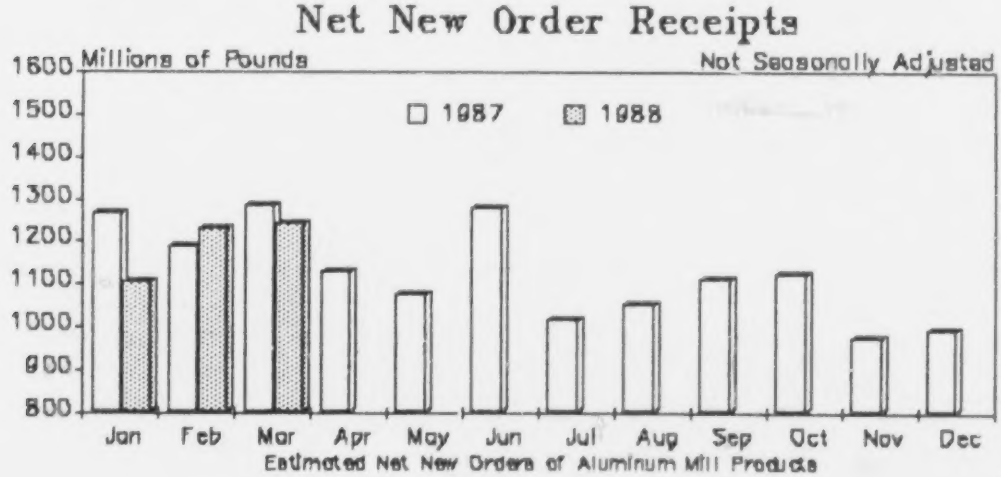


NET SHIPMENTS (Millions of Pounds)	1988 February	1987 February	1988 2 Mos.	1987 2 Mos.	% Change 1988 vs 1987
Sheet	527.3	522.3	1,041.2	1,052.6	-1.1
Plate	23.3	20.6	45.9	44.3	3.7
Foil	75.2	69.9	146.6	141.3	3.8
Rod,Bar & Wire	28.4	30.3	62.7	58.7	6.7
Elec. Conductor	53.5	43.5	102.3	88.3	15.9
Extruded Shapes,Tube	218.7	211.4	426.8	425.2	0.4
Powder & Paste	6.5	7.2	12.4	13.5	-8.5
Forgings & Impacts	15.3	12.2	29.1	24.5	18.8
Net Imports of Mill Products (Total) (a)	72.9	80.3	149.4	159.6	-6.4
Total Mill Products	1,021.1	997.7	2,016.4	2,008.1	0.4
Ingot (b)	221.0	324.6	467.3	562.9	-17.0
TOTAL INDUSTRY SHIPMENTS	1,242.1	1,322.3	2,483.7	2,571.0	-3.4
Exports	89.4	107.4	187.5	185.5	1.1
TOTAL DOMESTIC SHIPMENTS	1,152.6	1,214.9	2,296.1	2,385.5	-3.7

Source: Bureau of the Census, U.S. Department of Commerce
(a) Not included in product data above.

NET NEW ORDER RECEIPTS DOWN 4.3 PERCENT

Estimated net new order receipts of aluminum mill products for the first three months of 1988, totaling 1,232 million pounds, fell 4.3 percent versus the same period of 1987. Total net new orders of aluminum mill products for the month of March 1988 of increased slightly to 1,241 million pounds, up 0.6 percent over February 1988.



ORDER RECEIPTS
(Millions of Pounds)

	1988 March	1987 March	1988 3 Mos.	1987 3 Mos.	% Change 1988 vs 1987
Sheet & Plate, Other	425.7	470.1	1,226.6	1,479.8	-17.1
Can Stock	385.7	374.8	1,122.5	1,041.7	7.8
Foil	89.0	97.9	277.0	254.2	9.0
Bar, Rod & Wire	31.7	37.6	115.7	97.3	18.9
Electrical Conductor	68.9	62.6	185.8	164.2	13.2
Extruded Shapes & Tube	215.3	220.2	589.1	631.6	-6.7
Powder & Paste	7.7	8.6	26.3	28.6	-8.0
Forgings & Impacts	16.9	13.2	37.7	42.7	-11.7
Total Mill Products	1,240.9	1,285.0	3,580.7	3,740.1	-4.3

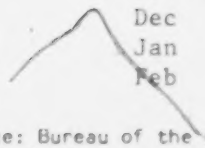
Source: The Aluminum Association estimates total industry orders (including orders for imports) based on weekly reports by members of new orders (less cancellations) received. The Association expands these data to total industry utilizing an expansion ratio that attempts to reflect the relationship of reporters to the total industry. Weekly data are available on a subscription basis.
(a) Domestic only. Orders for imports of Can Stock are included in Sheet and Plate, Other.

PRODUCER INVENTORIES INCREASE 50 MILLION POUNDS

Producer inventories increased in February 1988 to a total of 4,394 million pounds. This represents a 50 million pound increase from the January 1988 level of 4,344 million pounds.

Month-End Aluminum Producer Inventories
By Type of Producer
(Figures in Millions of Pounds)

	Total	Ingot	Scrap	All Other
Nov	4,245r	1,395r	618r	2,232r
Dec	4,175	1,466	587	2,123
Jan	4,344r	1,511r	557r	2,276r
Feb	4,394	1,520	537	2,336



Source: Bureau of the Census, U.S. Department of Commerce.
(r) Revised

CUSTOMER INVENTORIES REPORTED AT 37.5 DAYS

Respondents to the Association's Customer Inventory Survey reported that their Average Days Inventory as of February 29, 1988 was 37.5, up 2.2 percent from January 1988.

Month-End Aluminum Consumer Inventories
(Average Number of Days)

Nov 87	35.6
Dec 87	36.1
Jan 88	36.7
Feb 88	37.5

Source: Aluminum Association - Customer Inventory Position Survey

U.S. Imports & Exports
(Millions of Pounds)

		1988 February	1987 February	1988 2 Mos.	1987 2 Mos.	% Change 1988 vs 1987
Imports	Mill Products	81.2	88.9	160.8	171.3	-6.2
	Ingot	202.2	248.5	424.4	499.9	-15.1
	Total	283.3	337.4	585.2	671.2	-12.8
	Scrap (+ dross)	31.8	30.6	64.1	75.8	-15.3
	Grand Total	315.1	368.0	649.4	747.0	-13.1
Exports	Mill Products	59.2	54.7	116.6	98.8	18.0
	Ingot	30.2	52.7	70.9	86.7	-18.2
	Total	89.4	107.4	187.5	185.5	1.1
	Scrap	58.3	57.5	107.3	117.0	-8.3
	Grand Total	147.7	164.9	294.8	302.5	-2.5
Net Imports		167.4	203.1	354.5	444.5	-20.2

Source: Bureau of the Census, U.S. Department of Commerce.